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DE RUEHJM #0514 0851529
ZNR UUUUU ZZH
O 251529Z MAR 08
FM AMCONSUL JERUSALEM
TO RUEHC/SECSTATE WASHDC IMMEDIATE 0960
INFO RUEHKK/ARAB ISRAELI COLLECTIVE PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

UNCLAS JERUSALEM 000514

SIPDIS

SENSITIVE
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NEA/IPA FOR GOLDBERGER/SHAMPAINE/SACHAR; NSC FOR PASCUAL;
TREASURY FOR CONNOLLY; PLEASE PASS TO USAID FOR
MCCLOUD/BORODIN

E.O. 12958: N/A
TAGS: [ECON](#) [EAID](#) [KWBG](#) [IS](#) [OREP](#)
SUBJECT: FAYYAD TO CODEL BOEHNER: PA APPRECIATES USG
ASSISTANCE

¶1. (SBU) Summary: Prime Minister Fayyad expressed his thanks to CODEL Boehner on March 22 for U.S. budget support to the PA. He said the PA will continue to strengthen transparency and improve the government's financial sustainability. Fayyad said he is encouraged by the improved security situation in the West Bank, but expressed frustration at continued IDF incursions, claiming that GOI actions undermine PA efforts to build public support for its security forces. End summary.

USG Assistance Has Motivated Others

¶2. (SBU) Fayyad told CODEL Boehner on March 22 that the PA is very thankful to the U.S. for its recent USD 150 million cash transfer, calling it the largest single tranche of assistance received in the history of the PA. Fayyad said that USG action has motivated other donors, like the EU, to accelerate implementation of their pledges.

¶3. (SBU) Fayyad said that donor support has allowed him to pay down debt to the private sector and make nine consecutive monthly salary payments. The PA has trimmed the public payroll, taken action to control spending, and is implementing numerous projects in the West Bank to upgrade and build roads, schools, youth clubs, and basic infrastructure. He said the PA has been successful in implementing small-scale construction projects, which are not limited by restrictions on access and movement. To increase the transparency of PA finances, Fayyad said that he would soon unveil a new website to make public information on PA revenues and expenditures.

Improved PA Security in West Bank

¶4. (SBU) Fayyad said he is encouraged by improvements in the performance of PA security forces. He underscored that the PA has taken tough, often unpopular, action in its "culture war" against Hamas, such as dissolving religious charities that served as conduits of funds to Hamas. "We continue to fight the rejectionism prevalent in the region," he said. Hamas is not as strong as it was, "there are fewer Hamas flags in West Bank than before." Fayyad said that continued GOI incursions into Nablus and other West Bank cities, however, undercut PA security forces' authority. Regardless of these challenges, concluded Fayyad, his government's goal is to build the foundations of a viable Palestinian state.

Bethlehem Conference To Encourage Investment

¶5. (SBU) The Prime Minister said the May 21-23 Investment Conference in Bethlehem would provide an emotional and financial lift to the PA. "We need a new image," he said. He said he aims to boost Israeli as well as foreign investment in the West Bank to stimulate growth. Fayyad said that high transport costs resulting from restrictions in access and movement prevent Palestinian companies from competing in regional markets. The PA will continue to work with Israel, he said, to improve the "security versus business nexus."

¶6. (U) CODEL Boehner did not have an opportunity to clear this message before departure.
WALLES